

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary - Public

**Date:** 8/28/2009

**GAIN Report Number:** IN9112

## India

**Post:** New Delhi

### Weekly Highlights and Hot Bites No. 35

#### Report Categories:

Agriculture in the News

#### Approved By:

Holly Higgins

#### Prepared By:

Deepa Dhankhar, Amit Aradhey

#### Report Highlights:

\*New trade policy sweetens sops, opens up markets\*, \*Kharif crop output to fall 15-20 percent\*, \*Oilseed output may fall 15 percent, says industry body\*, \*Monsoon deficit shrinks to 25 percent\*, \*U.S. restaurants keen to set up shop in India\*, \*Paddy acreage shortfall all widens to almost 70 lakh hectares\*.

#### General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

### **NEW TRADE POLICY SWEETENS SOPS, OPENS UP MARKETS**

The Government released a new foreign trade policy for five years ending March 2014. It extended indirect tax sweeteners to labor-intensive industries, sought to slash red tape and widen the reach of Indian exports. The Commerce Ministry does not expect an immediate improvement in the outlook for exports and has pegged growth for 2009-10 at the three percent. Its long-term aim is to double India's share of global goods and service exports by 2020.

Incentives for labor intensive sectors like engineering, electronics, basic chemicals and pharmaceuticals, apparel and textiles, plastics as well as leather and leather products have been continued by allowing duty-free import of capital goods required for the manufacture of export goods. New markets and products have been given additional incentives in the policy through various 'focus' schemes, which now cover most of Africa, Latin America, and Commonwealth of Independent States. (Source: The Indian Express, 08/28/09)

### **KHARIF CROP OUTPUT TO FALL 15-20 PERCENT**

The Finance Minister said that the production of Kharif or summer crops would decline by 15 to 20 percent as 252 districts in 10 states have been affected by the drought. However, the drought will have marginal affect on the central government's food grain procurement, as the government has taken steps to contain the effects of drought in Punjab and Haryana, which account for 65 percent of wheat and 30 percent of rice procurement. The government expects to have 1.77 million tons of wheat available by April 1, 2010, and 1.37 million tons of rice by October 1, 2009. The Minister also assured the industry representatives that the government would take steps to contain inflationary pressures and monitor government borrowing so that it did not crowd out private investments. (Source: The Business Standard, 08/28/09)

### **OILSEED OUTPUT MAY FALL 15 PERCENT, SAYS INDUSTRY BODY**

India's kharif oilseed output for 2009-10 (October-September) may decline at least 15 per cent from last year due to deficient rainfall in key growing regions, said Govindbhai Patel, member of Central Organization for Oil Industry and Trade's (COOIT) crop committee. Overall oilseeds acreage has come down by 1.8-2 million hectares this kharif, and drought is also likely to impact crop yield. Kharif groundnut production for 2009-10 is expected to decline 25 per cent from 4.22 million tons in the previous year. Soybean production is likely to drop by

200,000-300,000 tons from 8.9 million tons a year ago. Output of sunflower seed is also likely to fall on decline in acreage and deficient rains in the growing regions of Andhra Pradesh, the second-largest producer after Karnataka. In the current oil year ending October, total vegetable oil imports are likely to touch an all-time high of 8.5 million tons, against 6.3 million tons in the previous year, Patel said. (Source: Business Standard, 08/28/09)

### **MONSOON DEFICIT SHRINKS TO 25 PERCENT**

The seasonal rain deficit has come down by another percentage point to 25 percent as of August 26 due to active monsoon rains over peninsular India through the week. The week-on-week rain figures until Wednesday was only five per cent short of the normal, according to India Met Department (IMD) statistics. Orissa, Gujarat and Arunachal Pradesh were the other regions that saw reasonably good precipitation during the week. Ongoing rains are expected to persist over Central India. While the ongoing active monsoon conditions will reach a logical conclusion as they buffet the Konkan coast and abate, forecasts indicate a fresh southerly wave from early September across the peninsula. (Source: Business Line, 08/28/09)

### **U.S. RESTAURANTS KEEN TO SET UP SHOP IN INDIA**

Following the successful entry of Kentucky Fried Chicken, Pizza Hut and various other global brands, some of the leading food and restaurants brands in the U.S. seek to foray into the Indian market through the franchisee route. The Principal Commercial Officer at the U.S. Consulate at Chennai, said the U.S. Commercial Services' Franchisee team in India has designed a unique program- Focus Franchising - to assist Indian Franchisee to establish "new and profitable commercial relations" with U.S. companies. U.S. brands such as Church's Chicken, CKE Restaurant Inc, Tropical Snow, The Melting Point, Round Table Pizza etc. are keen on setting up shop here. (Source: Business Line: 08/28/09)

### **PADDY ACREAGE SHORTFALL WIDENS TO ALMOST 70 LAKH HECTARES**

With the area under paddy lower by almost 7 million hectares compared to last year, the country's rice production is headed for a decline much sharper than the 10 million tons projection made by the Union Food and Agriculture Minister, Mr. Sharad Pawar. According to the Agriculture Ministry's latest Crop Weather Watch Report, released here on Tuesday, as on August 20, planted area under paddy was estimated at 27.28 million hectares, compared with the 34.14 million hectares covered during this time in 2008-09. The entire 2008-09 kharif season had recorded total paddy acreage of 40.64 million hectare, resulting in a rice production of 84.58 million tons. Even if the current area shortfall is reduced to 6 million hectares and yields remain same (unlikely, given the moisture stress experienced by the already planted crop), the kharif rice output will not exceed 72 million tons. If one also factors

in some decline in yields, production this year could fall by 15-20 million tons. The States that have seen significant decline in progressive area sown under paddy include Uttar Pradesh, Bihar, Jharkhand, West Bengal and Andhra Pradesh. (Source: Business Line: 08/26/09)

To access the article please follow the link below:

<http://www.thehindubusinessline.com/2009/08/26/stories/2009082650511600.htm>

#### **RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

REPORT #	SUBJECT	DATE SUBMITTED
IN9110	Weekly Highlights & Hot Bites, #34	08/21/09
IN9111	Oilseeds and Products: Quarterly Lock Up	08/24/09

#### **WE ARE ON THE NET**

Visit our headquarters' home page at [www.fas.usda.gov](http://www.fas.usda.gov) for a complete selection of FAS worldwide agricultural reporting.

#### **FAS/NEWDELHI EMAIL**

To reach FAS/New Delhi, email us at [Agnewdelhi@fas.usda.gov](mailto:Agnewdelhi@fas.usda.gov)